

Message Text

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71

ACTION TRSE-00

INFO OCT-01 ARA-16 EUR-25 EA-11 ADP-00 AID-20 EB-11 NSC-10

RSC-01 CIEP-02 SS-15 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 PA-03 PRS-01 USIA-15 IO-13 L-03 RSR-01 /197 W

----- 125436

R 030040Z AUG 73

FM AMEMBASSY WELLINGTON

TO SECSTATE WASHDC 6975

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY CANBERRA

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY SANTIAGO

AMEMBASSY TOKYO

C O N F I D E N T I A L WELLINGTON 2035

EO 11652: GDS

TAGS: EAID, CI, IBRD

SUBJ: IBRD LOANS TO CHILE

REF: STATE 147739

1. ECON OFFICER CONVEYED SUBSTANCE REFTEL TO DEPUTY
CHIEF OF TREASURY, LOUGH.

2. LOUGH EXPLAINED THAT GNZ HAD ONLY LIMITED
DETAILS ON PROPOSED ACTION IBRD MANAGEMENT AND IN
RESPONSE TO OUR REQUEST TO DISCUSS SUBJECT, GNZ HAD
REQUESTED MORE INFORMATION. REPLY FROM GNZ DEL TO
BANK SKETCHY. GNZ SECRETARY OF TREASURY, LANG, WHO
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WAS IN WASHINGTON NOW RETURNING WELLINGTON AND SHOULD

HAVE MORE DETAILS. LOUGH OFFERED FURNISH US GNZ VIEWS BY END OF NEXT WEEK.

3. DURING CONVERSATION LOUGH DID MAKE CERTAIN COMMENTS WHICH MAY GIVE CLUE TO FACTORS WHICH WILL INFLUENCE GNZ ATTITUDE.

4. LOUGH TWICE ASKED RATHER POINTEDLY IF US POSITION WAS INFLUENCED BY PROBLEMS ARISING FROM CHILE'S NATIONALIZATION OF US PROPERTIES THERE.

5. LOUGH SAID IT WOULD SEEM BETTER TO TAKE STEPS TO HELP CHILE SOLVE ITS DEBT REPAYMENT PROBLEM THAN FORCE IT INTO FURTHER DEFAULT BY NO ASSISTANCE. HE ASKED WHAT ALTERNATIVE US MIGHT SUGGEST TO ENABLE CHILE TO RESOLVE ITS SITUATION IF THE BANK DID NOT EXTEND A FURTHER LOAN. HE OBSERVED THAT ACTION ON A MULTILATERAL LEVEL WOULD SEEM PREFERABLE TO ANY BILATERAL EFFORTS. HE ASKED WHAT CHILEAN "ECONOMIC COMMITMENTS" US HAD IN MIND.

6. LOUGH REFERRED TO GNZ'S FIFTEEN MILLION DOLLAR LOAN TO CHILE WHICH WAS BEING USED AS A SORT OF REVOLVING FUND FOR PURCHASES FROM NZ, PRINCIPALLY OF DAIRY PRODUCTS. HE NOTED THAT GNZ NOW STRIVING TO DEVELOP CHILEAN (AND LATIN AMERICAN) MARKETS FOR NZ PRODUCTS AND THERE WAS POSSIBILITY THAT AN ADDITIONAL GNZ LOAN MIGHT BE EXTENDED TO CHILE.

7. COMMENT: THE APPARENT BELIEF US POSITION ON LOAN QUESTION AT LEAST PARTIALLY POLITICALLY MOTIVATED PLUS FACT GNZ WITH DOLS 15 MILLION OUTSTANDING LOAN COUPLED WITH ITS HOPES FURTHER MARKET DEVELOPMENT IN CHILE COULD LEAD GNZ TO BE COOL ON IDEA OF OPPOSING LOAN.

8. ACTION REQUESTED: EMBASSY WOULD APPRECIATE ANY GUIDANCE DEPARTMENT MIGHT FEEL USEFUL, ESPECIALLY ON POINTS RAISED ABOVE, IN NEXT EMBASSY/GNZ MEETING.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 03 AUG 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: hilburpw
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973WELLIN02035
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS WOOD
Errors: N/A
Film Number: n/a
From: WELLINGTON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730857/aaaabqcr.tel
Line Count: 99
Locator: TEXT ON-LINE
Office: ACTION TRSE
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 73 STATE 147739
Review Action: RELEASED, APPROVED
Review Authority: hilburpw
Review Comment: n/a
Review Content Flags:
Review Date: 06 SEP 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <06-Sep-2001 by hilburpw>; APPROVED <10-Sep-2001 by hilburpw>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: IBRD LOANS TO CHILE
TAGS: EAID, CI, IBRD
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005